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ABSTRACT

Data from the National Postsecondary Student Aid Study (NPSAS) supported testimony given before the Senate Committee on Health, Education, Labor and Pensions. The testimony focused on four factors: (1) demographic characteristics of distance education students and institutional characteristics of postsecondary schools offering distance education; (2) federal student financial aid issues related to distance education; (3) use of distance education at Minority Serving Institutions; and (4) accrediting agencies' role in reviewing distance education programs. During the 1999-2000 school year, about 1.5 million out of 19 million postsecondary students took at least one distance education course. These students differed from other postsecondary students in the following ways: (1) they tended to be older, had higher incomes, and were more likely to be married; and, (2) they were more likely to be employed full-time and attending school part-time. Most students took distance education courses at two-year public institutions. The Internet was the most common mode of distance education delivery. Of the students who took all their coursework via distance education about 1/3 received federal student aid. It was recommended that the federal government reexamine rules and regulations governing student aid. Students at Minority Serving Institutions used distance education less extensively than students at other schools. Future research will address the role of accrediting agencies in assessing the quality of distance education courses and their standards. (AJ)

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Testimony

Before the Committee on Health, Education, Labor, and Pensions, U.S. Senate

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DISTANCE EDUCATION

Growth in Distance Education Programs and Implications for Federal Education Policy

Statement of Cornelia M. Ashby, Director
Education, Workforce, and Income Security Issues

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Mr. Chairman and Members of the Committee:

I appreciate the opportunity to testify on issues related to distance education[1] and implications for the federal government's student financial aid programs. Increasingly, the issues of distance education and federal student aid intersect. About 1 in every 13 postsecondary students enrolls in at least one distance education course, and the Department of Education (Education) estimates that the number of students involved in distance education has tripled in just 4 years. As the largest provider of financial aid to postsecondary students, the federal government has a considerable interest in distance education.

Mr. Chairman, as you know, your Committee and the Ranking Member and two members of the House Committee on Education and the Workforce, asked us to assess the current status of distance education. We will issue our final report in September 2003. Today, I will discuss the early results of our work. My testimony will provide information on (1) the demographic characteristics of distance education students and the institutional characteristics of postsecondary schools that offer distance education; (2) federal student financial aid issues related to distance education; (3) the use of distance education at Minority Serving Institutions;[2] and (4) the role of accrediting agencies in reviewing distance education programs. A major part of my testimony today is based on our analysis of data from the National Postsecondary Student Aid Study

[1]The Higher Education Act defines distance education as an educational process where the student is separated in time or place from the instructor.

[2]We are examining three types of Minority Serving Institutions: Hispanic Serving Institutions, Historically Black Colleges and Universities, and Tribal Colleges. Hispanic Serving Institutions are defined as having at least 25 percent of its full-time equivalent students Hispanic, of which no less than 50 percent are low-income individuals. Historically Black Colleges and Universities are defined as, among other things, any historically Black college or university that was established prior to 1964 and whose principal mission was, and is, the education of Black Americans. A tribally controlled college or university is an institution which is formally controlled, or has been formally sanctioned, or chartered, by the governing body of an Indian tribe or tribes.

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(NPSAS), [3] an Education database covering more than 19 million postsecondary students. We did our work from April through September 2002 in accordance with generally accepted government auditing standards.

A decade ago, when distance education was largely the province of correspondence schools, concerns about fraud and abuse by some schools led the federal government to place restrictions on, among other things, the percentage of courses an institution could provide by distance education and still qualify to participate in the federal aid programs authorized under Title IV of the Higher Education Act (HEA). Now, however, with distance education growing rapidly and becoming more a part of mainstream higher education through courses taught by Internet or videoconferencing, the Congress is reexamining these and other distance education rules to determine if changes are warranted. The Congress has also expressed an interest in knowing how Minority Serving Institutions are using distance education technology. Minority Serving Institutions offer postsecondary opportunities to nearly 2 million students and many of these students are first generation college students.

In summary:

Overall, about 1.5 million out of 19 million postsecondary students took at least one distance education course in the 1999-2000 school year. These 1.5 million distance education students differ from other postsecondary students in a number of respects. Compared to other students, they tend to be older and are more likely to be employed full-time and attending school part-time. They also have higher incomes and are more likely to be married. Most students take distance education courses at public institutions, with more taking courses from two-year schools than from four-year schools. The Internet is the most common mode of delivery for providing distance education.

[3]The NPSAS is conducted approximately every 3-4 years by the National Center for Education Statistics in the Department of Education. It is a nationwide survey designed to collect demographic information on postsecondary students, as well as information on how postsecondary students fund their education. The most recent NPSAS covers students attending over 6,000 Title IV eligible institutions during the 1999-2000 school year. NPSAS defines distance education as courses delivered off campus using live, interactive television or audio; prerecorded television or video; CD-ROM; or a computer-based system such as, the Internet, e-mail, or chat rooms. NPSAS does not cover correspondence students.

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Many students who take distance education courses participate in federal student aid programs. About one-third of undergraduates and graduate students who take all their coursework through distance education receive Title IV financial aid. As distance education continues to grow, several major aspects of federal laws, rules, and regulations may need to be reexamined. Certain rules may need to be modified if a small, but growing number of schools are to remain eligible for student aid. Students attending these schools may become ineligible for student aid because their distance education programs are growing and may exceed statutory and regulatory limits on the amount of distance education an institution can offer. Other issues involve how to account for student participation in distance education and differences in student aid between some distance education students and classroom students.

In general, students at Minority Serving Institutions use distance education less extensively than students at other schools. For example, undergraduates at Historically Black Colleges and Universities use distance education at a lower rate than students who attend non-Minority Serving Institutions. Also, undergraduate Hispanic students attending Hispanic Serving Institutions use distance education less often than other students at these institutions.

Accrediting agencies play an important role in reviewing distance education programs. They, and Education, are the "gatekeepers" with respect to ensuring quality at postsecondary institutions—including those that offer distance education programs. The HEA allows accrediting agencies to develop their own standards for ensuring the quality of education provided by the institutions they accredit. It also gives Education the authority to recognize those accrediting agencies it considers to be reliable authorities on the quality of education provided by the institutions they accredit. Critical issues include how well the accrediting agencies and Education are carrying out their responsibilities and whether changes are needed in HEA.

The work that we have yet to complete for our final report will examine in more detail whether additional actions are needed to enhance access to higher education while maintaining the integrity of the federal student aid programs as it relates to distance education.

Background

Distance education is not a new concept, but in recent years, it has assumed markedly new forms and greater prominence. Distance education's older form was the correspondence course—a home study

course generally completed by mail. More recently, distance education has increasingly been delivered in electronic forms, such as videoconferencing and the Internet. Some of these newer forms share more features of traditional classroom instruction. For example, students taking a course by videoconference generally participate in an actual class in which they can interact directly with the instructor. Many postsecondary schools have added or expanded electronically-based programs, so that distance education is now relatively common across the entire postsecondary landscape. We estimate that in the 1999-2000 school year, about 1.5 million of the 19 million students involved in postsecondary education took at least one electronically transmitted distance education course. Education reports that an estimated 84 percent of four-year institutions will offer distance education courses in 2002.

While newer forms of distance education may incorporate more elements of traditional classroom education than before, they can still differ from a traditional educational experience in many ways. For example, Internet-based distance education, in which coursework is provided through computer hookup, may substitute a computer screen for face-to-face interaction between student and instructor. Chat rooms, bulletin boards, and e-mail become common forms of interaction. Support services, such as counseling, tutoring, and library services, may also be provided without any face-to-face contact.

As the largest provider of student financial aid to postsecondary students (an estimated $52 billion in fiscal year 2002), the federal government has a substantial interest in the quality of distance education. Under Title IV of the HEA, the federal government provides grants, work-study wages, and student loans to millions of students each year. For the most part, students taking distance education courses can qualify for this aid in the same way as students taking traditional courses.

Differences between distance education and traditional education pose challenges for federal student aid policies and programs. For example, in 1992, the Congress added requirements to the HEA to deal with problems of fraud and abuse at correspondence schools—the primary providers of distance education in the early 1990's.[4] These requirements placed

[4] Title IV of the HEA makes a distinction between students who enroll in correspondence courses and those who enroll in telecommunications courses. For example, students enrolled in correspondence courses cannot be considered more than half-time students for student financial aid purposes, even though they may be taking a full credit load.

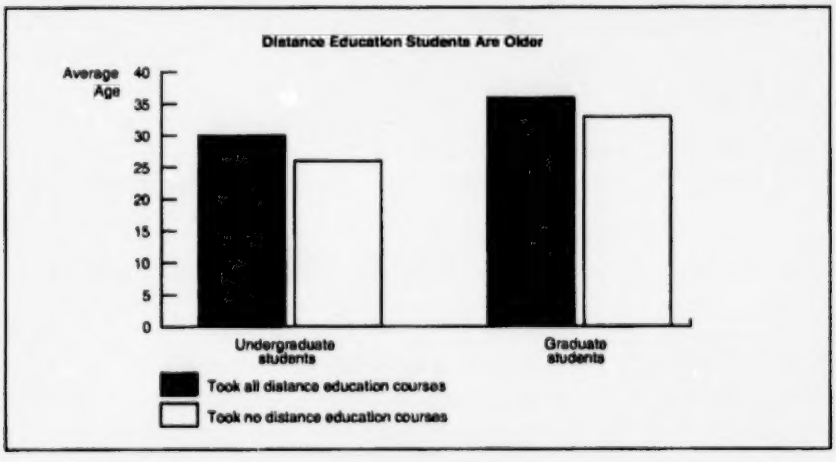
limitations on the use of federal student aid at these schools due to poor quality programs and high default rates on student loans. Such problems demonstrate why it is important to monitor the outcomes of such forms of course delivery. In monitoring such courses, the federal government has mainly relied on the work of accrediting agencies established specifically for providing outside reviews of an institution's educational programs.

Characteristics of Distance Education Students and Institutions That Offer Distance Education

Our analysis of the NPSAS showed that the estimated 1.5 million[5] postsecondary students who have taken distance education courses have different demographic characteristics when compared with the characteristics[6] of postsecondary students who did not enroll in distance education. These differences included the following.

Distance education students are older. As figure 1 demonstrates, students who took all their courses through distance education tended to be older, on average, when compared to other students.

Figure 1: Distance education students are older

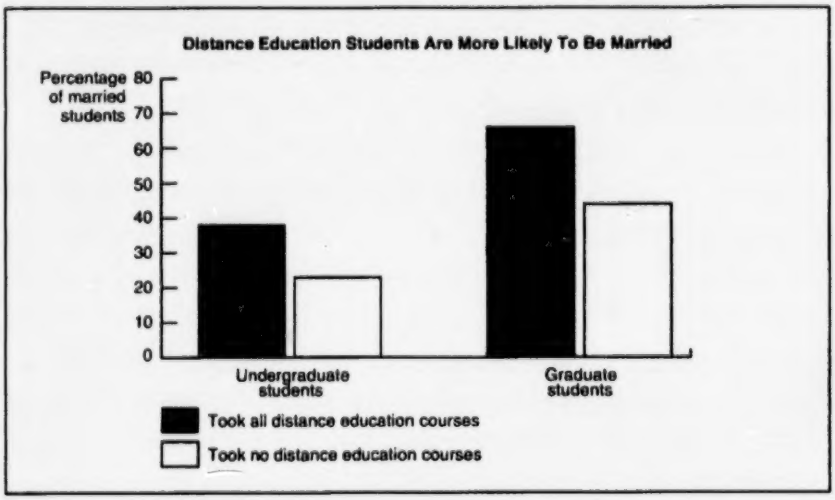


[5]Of the 1.5 million distance education students, 1.26 million were undergraduates and 272 thousand were graduate students. In total, there were an estimated 19.2 million postsecondary students, or 16.5 million undergraduates and 2.7 million graduate students in the 1999-2000 school year.

[6]When we cite differences in student characteristics between distance education students and students who did not take any distance education courses, the differences are statistically significant at the 95 percent confidence level.

Distance education students are more likely to be married. Figure 2 shows that graduate and undergraduate students that took all of their courses through distance education are more likely to be married than those taking no distance education courses.

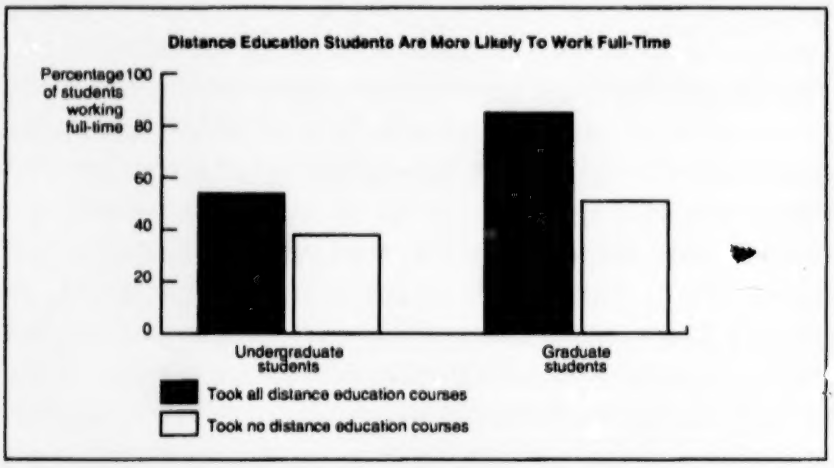
Figure 2: Distance education students are more likely to be married



Undergraduates taking distance education courses are more likely to be female. Women represented about 65 percent of the undergraduate students who took all their courses through distance education. In contrast, they represented about 56 percent of undergraduates who did not take a distance education course. For graduate students, there was no significant difference in the gender of students who took distance education courses and those who did not.

Distance education students are more likely to work full-time. As figure 3 shows, a higher percentage of distance education students work full-time when compared to students who did not take any distance education courses. This difference was greatest among graduate students where about 85 percent of the students that took all of their courses through distance education worked full-time compared to 51 percent of students who did not take any distance education courses.

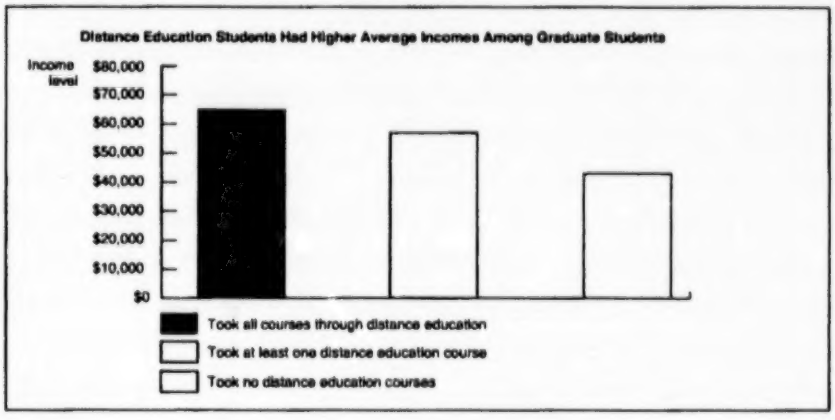
Figure 3: Distance education students are more likely to work full-time



Distance education students are more likely to be part-time students. As might be expected, distance education students tend to go to school on a part-time basis. For undergraduates, about 63 percent of the students who took all their courses through distance education were part-time students while about 47 percent of the students who did not take any distance education courses were part-time students. This trend also occurred among graduate students (about 79 percent of those who took their entire program through distance education were part-time students compared with about 54 percent of those who did not take any distance education courses).

Distance education students have higher average incomes. Figure 4 shows that in general, graduate students that took distance education courses tended to have higher average incomes than students that did not take any distance education courses. We found similar patterns for undergraduate students.

Figure 4: Distance education students tend to have higher average incomes



In addition to the demographic characteristics of distance education students, NPSAS provides certain insights on the characteristics of institutions that offer distance education programs.[7] Among other things, it provides data on the modes of delivery that institutions used to provide distance education and the types of institutions that offered distance education.

Public institutions enrolled the most distance education students. For undergraduates, public institutions enrolled more distance education students than either private non-profit or proprietary institutions. Of undergraduates who took at least one distance education class, about 85 percent[8] did so at a public institution (about 79 percent of all undergraduates attended public institutions), about 12 percent did so at private non-profit institutions (about 16 percent of all undergraduates attended private non-profit institutions), and about 3 percent did so at

[7]The design for NPSAS involves selecting a nationally representative sample of postsecondary education institutions and students within those institutions. NPSAS data come from multiple sources and includes a limited amount of data on institutional characteristics. This information is useful in developing some limited insights on institutions that offer distance education programs.

[8]Of the 85 percent of undergraduate students who took at least one distance education course at a public institution, about 55 percent did so at two-year or less institutions and 30 percent did so at four-year institutions.

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proprietary schools (about five percent of all undergraduates attended proprietary schools). For graduate students, public institutions also enrolled more—about 63.5 percent—distance education students than private non-profit or proprietary schools (32 and 4.5 percent, respectively). About 58 percent, 40 percent, and two percent of all graduate students attended public institutions, private non-profit, and proprietary schools, respectively.

Institutions used the Internet more than any other mode to deliver distance education. Postsecondary institutions used the Internet more than any other mode to deliver distance education. At the three main types of institutions (public, private non-profit, and proprietary[9]), more than half of the undergraduate students who took at least one distance education course did so over the Internet. Over 58 percent of undergraduate distance education students at public institutions used the Internet and over 70 percent of undergraduate distance education students at private non-profit and proprietary schools also used the Internet. Institutions that offered graduate programs also used the Internet as the primary means of delivering distance education courses. For graduate students who took at least one distance education class, 65 percent of students at public institutions used the Internet, compared with about 69 percent of students at private non-profit institutions, and about 94 percent of students at proprietary institutions.

Institutions enrolled the most distance education students in subjects related to business, humanities, and education. For undergraduates, about 21 percent of students who took their entire program through distance education studied business and 13 percent studied courses related to the humanities. This is similar to patterns of students who did not take any distance education classes (about 18 percent studied business and about 15 percent studied humanities). For graduate students, about 24 percent of students who took their entire program through distance education enrolled in courses related to education and about 19 percent studied business. Again, this is similar to patterns of graduate students who did not take any distance education classes (about 23 percent studied education and about 17 percent studied business).

[9]Proprietary schools are for-profit postsecondary institutions. They can include traditional two- and four-year colleges and universities as well as trade and technical schools.

Growth of Distance Education Affects Federal Student Aid Policies on Several Fronts

Federal student aid is an important consideration for many students who take distance education courses, although not to the same degree as students in more traditional classroom settings. Students who took their entire program through distance education applied for student aid at a lower rate than students who did not take any distance education courses (about 40 percent compared with about 50 percent), and fewer also received federal aid (about 31 percent compared with about 39 percent). Nonetheless, even these lower percentages for distance education represent a substantial federal commitment.[10]

A number of issues related to distance education and the federal student aid program have surfaced and will likely receive attention when the Congress considers reauthorization of the HEA or when Education examines regulations related to distance education. Among them are the following:

"Fifty percent" rule limits aid to correspondence and telecommunication students in certain circumstances. One limitation in the HEA—called the "50 percent rule"—involves students who attend institutions that provide half or more of their coursework through correspondence or telecommunications classes or who have half or more of their students enrolled in such classes. When institutions exceed the 50 percent threshold, their students become ineligible to receive funds from federal student aid programs. As distance education becomes more widespread, more institutions may lose their eligibility. Our initial work indicates about 20 out of over 6,000 Title IV-eligible institutions may face this problem soon or have already exceeded the 50 percent threshold. Without some relief, the students that attend these institutions may become ineligible for student aid from the federal government in the future. As an example, one institution we visited already offers more than half its courses through distance education; however, it remains eligible for the student aid program because it has received a waiver from Education's Distance

[10]Students who took their entire program through distance education courses received an estimated $763 million in federal student aid in the1999-2000 school year. Students who took at least one distance education course may have also received federal student aid; however, the data sources used by NPSAS do not distinguish between aid awarded for distance education courses and traditional classroom courses.

Education Demonstration Program.[11] Without a change in the statute or a continuation of the waiver, more than 900 of its students will not be eligible for student aid from the federal government in the future.

To deal with this issue, the House passed the Internet Equity and Education Act of 2001 (H.R. 1992) in October 2001. The House proposal allows a school to obtain a waiver for the 50 percent rule if it (1) is already participating in the federal student loan program, (2) has a default rate of less than 10 percent for each of the last three years for which data are available, and (3) has notified the Secretary of Education of its election to qualify for such an exemption, and has not been notified by the Secretary that such election would pose a significant risk to federal funds and the integrity of Title IV programs. The Senate is considering this proposal.

Federal student aid policies treat living expenses differently for some distance education students. Currently, students living off-campus who are enrolled in traditional classes or students enrolled in telecommunications classes at least half-time can receive an annual living allowance for room and board costs of at least $1,500 and $2,500, respectively. Distance learners enrolled in correspondence classes are not allowed the same allowance. Whether to continue to treat these distance education students differently for purposes of federal student aid is an open policy question.

Regulations Relating to "Seat" Time. Institutions offering distance education courses that are not tied to standard course lengths such as semesters or quarters have expressed difficulty in interpreting and applying Education's "seat rules," which are rules governing how much instructional time must be provided in order for participants to qualify for federal aid.[12] In particular, a rule called the "12-hour rule" has become increasingly difficult to implement. This rule was put in place to curb

[11]The Congress created the Distance Education Demonstration Program in the 1998 amendments to the HEA to study and test possible solutions to federal student aid issues related to distance education. The program has authority to grant waivers on certain statutory or regulatory requirements related to distance education and federal student financial aid programs, such as the 50 percent rule.

[12]Under HEA, a student must receive at least 30 weeks of instructional time in order to be considered a full-time student for financial aid purposes. For students operating under standard terms such as semesters, this is relatively easy to translate into semester hours. A full-time undergraduate attending a school that operated on the semester system, for example, would need to complete 24 semester hours to be considered a full-time student.

abuses by schools that would stretch the length of their educational programs without providing any additional instruction time. Schools would do this to maximize the amount of federal aid their students could receive and pass back to the school in the form of tuition and fees. The rule defined each week of instruction in a program that is not a standard course length as 12 hours of instruction, examination, or preparation for examinations. Some distance education courses, particularly self-paced courses, do not necessarily fit this model. Further, the rule also produces significant disparities in the amount of federal aid that students receive for the same amount of academic credit, based simply on whether the program that they are enrolled in uses standard academic terms or not. In August 2002, Education proposed replacing the 12-hour rule with a "one-day rule,"[13] which would require one day of instruction per week for any course. This rule currently applies to standard term courses, and as proposed, it would cover, among other things, nonstandard term courses. Education plans to publish final regulations that would include this change on or before November 1, 2002. Some institutions that might provide nonstandard distance education courses remain concerned, however, because Education has not identified how the "one-day rule" will be interpreted or applied.

In considering changes in policy that are less restrictive but that could improve access to higher education, it will be important to recognize that doing so may increase the potential for fraud if adequate management controls are not in place.

Minority Serving Institutions Tend To Use Distance Education Less Frequently Than Other Schools

While our work examining the use of distance education at Minority Serving Institutions (MSIs) is not yet completed, the preliminary data indicate that MSIs—and more specifically, minority students at MSIs—make less use of distance education than students at other schools. NPSAS includes data for a projectable number of students from Historically Black Colleges and Universities and Hispanic Serving Institutions, but it only includes one Tribal College. We plan to send a questionnaire to officials at all three MSI groups to gain a better understanding of their use of distance education technology. In the meantime, however, the available NPSAS data showed the following:

[13]The Internet Equity and Education Act (H.R. 1992) includes a similar definition for a week of instruction.

Students at Historically Black Colleges and Universities tend to use distance education to a lesser extent than non-MSI students. About 6 percent of undergraduate students at Historically Black Colleges and Universities enrolled in at least one distance education course and about 1.1 percent took their entire program through distance education. These rates are lower than students who took at least one distance education course or their entire program through distance education at non-MSIs.

Hispanic students attending Hispanic Serving Institutions use distance education at a lower rate than their overall representation in these schools. About 51 percent of the undergraduates at Hispanic Serving Institutions are Hispanic, but they comprise only about 40 percent of the undergraduate students enrolled in distance education classes. This difference is statistically significant. Similarly, our analysis also shows that the greater the percentage of Hispanic students at the institution, the lower the overall rate of distance education use at that school.[14]

Since NPSAS includes data from only one Tribal College, we were unable to develop data on the extent that Tribal College students use distance education. However, our visits to several Tribal Colleges provide some preliminary insights. Our work shows that distance education may be a viable supplement to classroom education at many Tribal Colleges for a number of reasons. Potential students of many Tribal Colleges live in communities dispersed over large geographic areas—in some cases potential students might live over a hundred miles from the nearest Tribal College or satellite campus—making it difficult or impossible for some students to commute to these schools. In this case, distance education is an appealing way to deliver college courses to remote locations. Additionally, officials at one Tribal College told us that some residents of reservations may be place-bound due to tribal and familial responsibilities; distance education would be one of the few realistic postsecondary education options for this population. Also important, according to officials from some Tribal Colleges we visited, tribal residents have expressed an interest in enrolling in distance education courses.

[14]Hispanic Serving Institutions can have between 25 percent and up to 100 percent Hispanic students. Our analysis compares undergraduate Hispanic Serving Institutions with less than 50 percent Hispanic students and Hispanic Serving Institutions with 50 percent or more Hispanic students. Those institutions with 50 percent or more Hispanic students had a 4 percent participation rate in distance education; those institutions with less than 50 percent Hispanic students had a participation rate of 9.6 percent.

Effectiveness of Accrediting Agencies Is An Important Distance Education Issue

The HEA focuses on accreditation—a task undertaken by outside agencies—as the main tool for ensuring quality in postsecondary programs, including those offered through distance education. The effectiveness of these accreditation reviews, as well as Education's monitoring of the accreditation process, remains an important issue.

To be eligible for federal funds, a postsecondary institution or program must be accredited by an agency recognized by Education as a reliable authority on quality.[15] Education recognizes 58 separate accrediting agencies for this purpose, of which only 38 are recognized for Title IV student aid purposes. The 58 accrediting agencies operate either regionally or nationally, and they accredit a wide variety of institutions or programs, including public and private, non-profit two-year or four-year colleges and universities; graduate and professional programs; proprietary vocational and technical training programs; and non-degree training programs. Some accrediting agencies accredit entire institutions and some accredit specialized programs, departments, or schools that operate within an institution or as single purpose, freestanding institutions.

The HEA and regulations issued by Education establish criteria under which Education will recognize an accreditation agency as a reliable authority regarding the quality of education.[16] The HEA states that accrediting agencies must assess quality in 10 different areas, such as curriculum, student achievement, and program length. Under the HEA, an accrediting agency is required to include distance education programs when assessing quality. In doing so, an accrediting agency must consistently apply and enforce its standards with respect to distance education programs as well as other educational programs at the institution.

Our analysis in this area is not as far along as it is for the other topics we are discussing today. We plan to review a number of accreditation efforts to determine the way in which accrediting agencies review distance

[15]Institutions or programs which have not yet been accredited by a recognized accrediting agency are also eligible to apply for federal funds if Education has satisfactory assurance that the institution or program will meet the recognized accrediting agency's standards within a reasonable time. Such institutions or programs are said to hold "preaccreditation" status.

[16]The regulations are contained in 34 CFR Part 602.

education programs. We expect that our work will address the following issues:

- *How well accrediting agencies are carrying out their responsibilities for reviewing distance education.* The HEA does not contain specific language setting forth how distance learning should be reviewed. Instead, it identifies key areas that accrediting agencies should cover, including student achievement and outcomes, and it relies on accrediting agencies to develop their own standards for how they will review distance education programs. We will look at how accrediting agencies are reviewing distance education programs and the standards that are being used.

- *How well Education is carrying out its responsibilities and whether improvements are needed in Education's policies and procedures for overseeing accrediting agencies.* Under the HEA, Education has authority to recognize those agencies it considers to be reliable authorities on the quality of education or training provided. Accrediting agencies have an incentive to seek Education's recognition because without it, students at the institutions they accredit would not be eligible to participate in federal aid programs. We will conduct work to identify what improvements, if any, are needed in Education's oversight of accrediting agencies.

In closing, distance education has grown rapidly over the past few years and our work indicates that distance learning might present new educational opportunities for students. Congress and the Administration need to ensure that changes to the HEA and regulations do not increase the chances of fraud, waste, or abuse to the student financial aid programs. At the request of this Committee, and members of the House Committee on Education and the Workforce, we will continue our study of the issues that we have discussed today.

Mr. Chairman, this concludes my testimony. I will be happy to respond to any questions you or other members of the Committee may have.

Contact and Acknowledgments

For further information, please contact Cornelia M. Ashby at (202) 512-8403. Individuals making key contributions to this testimony include Jerry Aiken, Neil Asaba, Kelsey Bright, Julian Fogle, Ellen Habenicht, Chris Hatscher, Jill Peterson, Stan Stenersen, and Susan Zimmerman.

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